



Investor Presentation
21 August 2019
ASX : (EAS)

FY 2019 Results

A unique business delivering diversified income streams

Revenue	\$59.80 m	▲	18% PCP
NPAT	\$2.73 m	▲	54% PCP
Underlying Profit	\$5.12 m	▲	17% PCP



We have the largest combined accounting and wealth channel in Australia – over 3,000 Accounting firms and 770 advisers



Both accounting and wealth solutions growing to meet the expanding demand for these services.

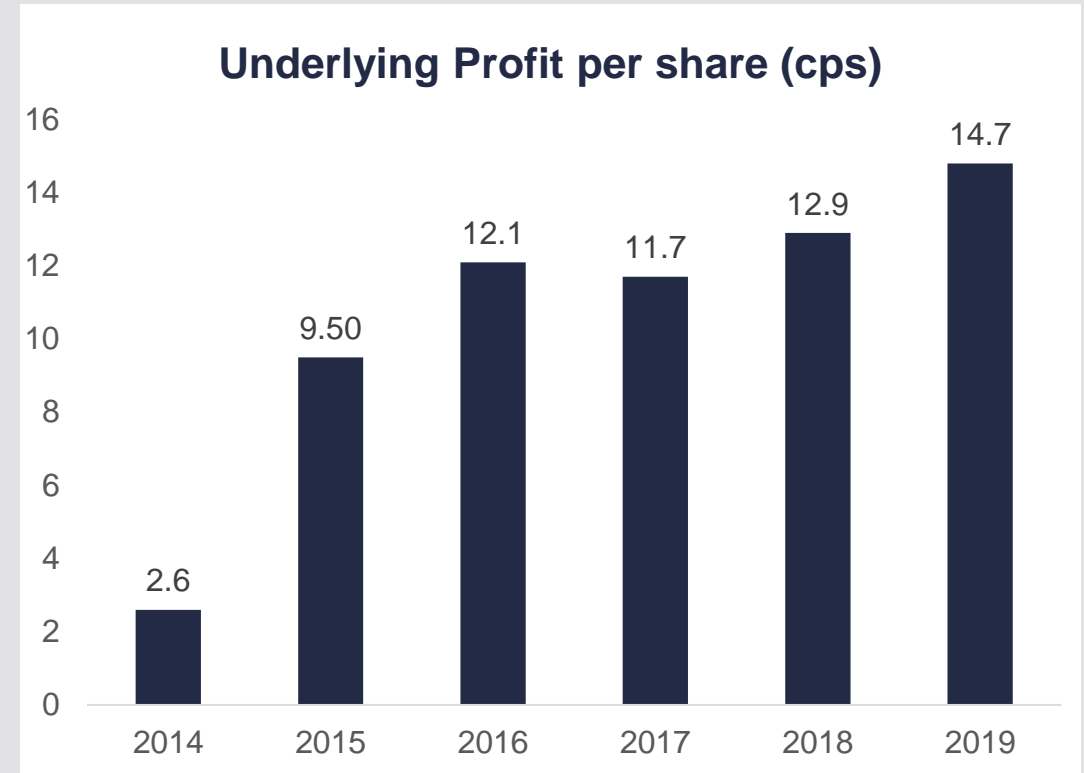
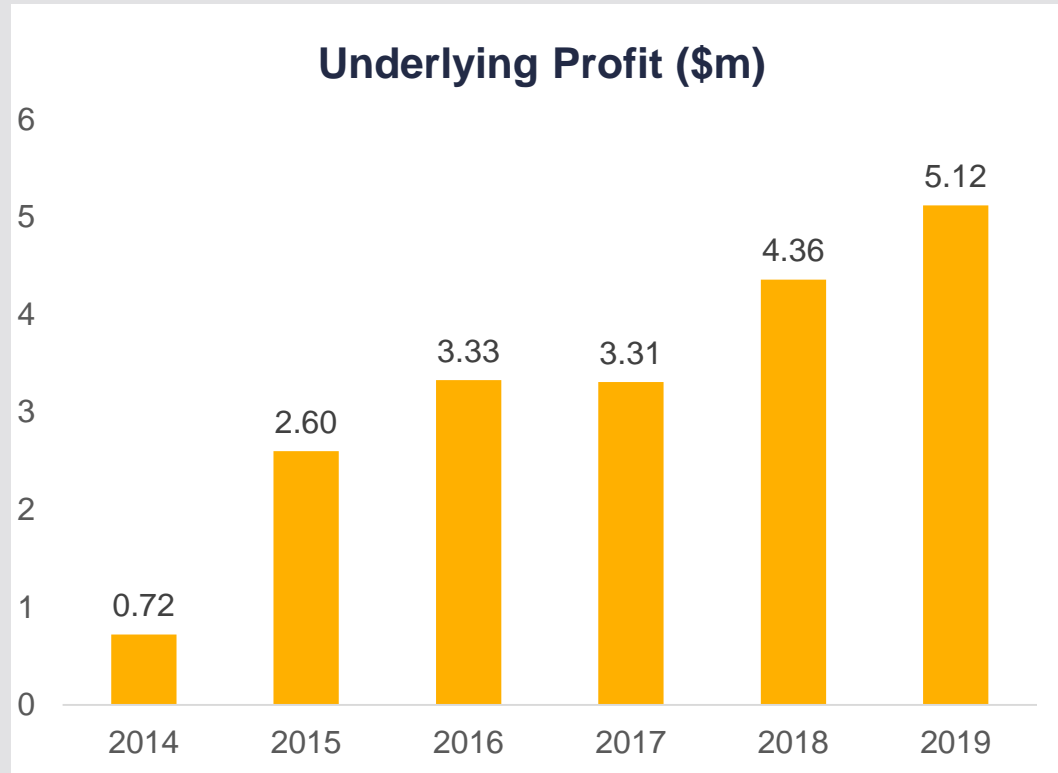


Annuity style income now 44% of gross contribution

Note: Underlying Profit = Normalised EBITA, which is Normalised Earnings before Interest, Tax and Amortisation. Underlying profit is an unaudited, non-IFRS measure and is used by the Company to assess performance as it excludes non-cash amortization, share based payment charges and one-off or non-operational items. NPAT includes gain on fair value adjustment (\$1.48m) for a call option derivative on our interest in First Financial and a goodwill charge (\$0.80m) against carrying value of the Document businesses.

Underlying Profit Growth

Building on a solid platform



Dividend

Growth in dividends
(3 cents per share for the 2019 year)

Interim dividend
1 cent per share



Paid in May 2019

Final dividend
2 cents per share







To be paid in Sept
2019

50% increase on the 2018 year
Continuity of policy for annual dividends to be in the range of
30-50% of after tax profits



Diversified earnings contribution across the business

	2019 (\$m)	2018 (\$m)	Movement
 Accounting Solutions	3.11	3.07	1%
 Wealth Solutions	3.81	3.07	24%
 Corporate costs	(1.80)	(1.78)	1%
 Underlying Profit	5.12	4.36	17%

Balance Sheet & Funding - solid base for further growth

**Cash applied to share buy back
\$0.20 million**

**Cash and undrawn facilities - \$4.63 million, up
\$1.35 million on PCP**

**Net debt at balance date \$5.37 million, down \$1.41
million on PCP**

Loan facilities remain unchanged – a \$10 million draw down facility

2019 operating metrics - The growing base

Accounting solutions



**Knowledge Shop
accounting channel**
(subscribers + training)

3,106 firms
▲ 16%

Training hours delivered

48,166 hrs
▲ 28%

**Online documents
delivered**

6,433 docs
▼ 17%

**Accounting firms signed
up to Law Central**

746 firms
▲ 18%

Wealth solutions



Funds under advice

\$3.8 bill ▲ 11%

Risk premium income

\$65.2 mill ▲ 9%

LARs

573 ▲ 41%

**Funds in CARE
Managed Accounts**

\$1.20 bill ▲ 28%

Our business in review

All contributing to a diversified income stream



Wealth



Market sentiment impacted by Royal Commission and FASEA requirements



771 advisers (+31% on PCP) – now a top 10 Dealer Group in Australia by adviser numbers



Increased medium term opportunities, but some short term pain for advisers as they refine their business model

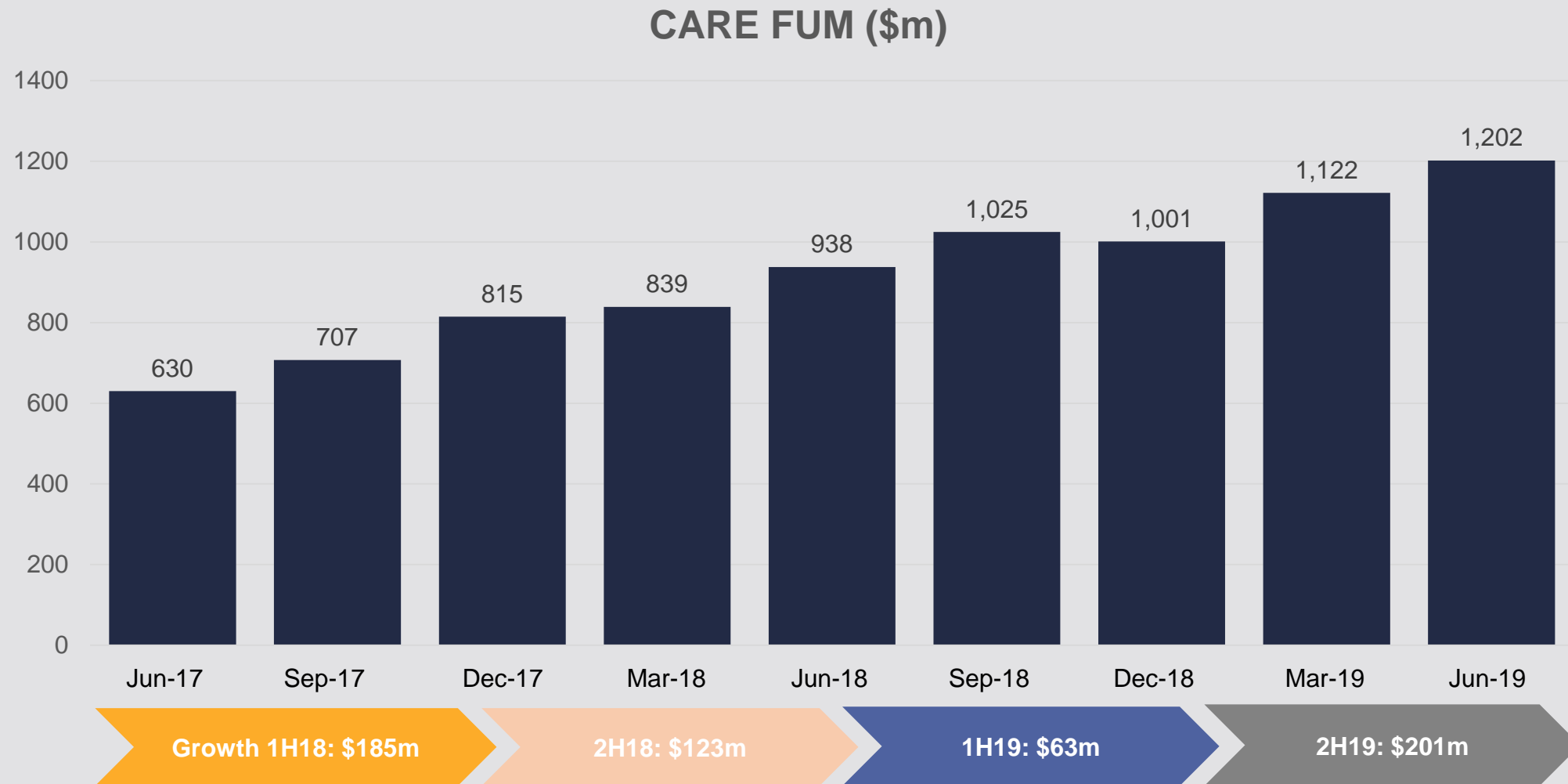


Significant investment in compliance, training and monitoring with a strong focus on evolving dealer service for new environment



CARE continues to deliver strong growth

CARE managed accounts continues growth



Limited Authorised Representatives (LARs)

Strong growth in **LARs** over the year from **406 to 573**

Surge of applications in **H1** in advance of the FASEA changes

Some **transition** from **Limited** advice to **full advice**

Some H2 rationalisation as firms decided on numbers to have authorised and dealing with additional education requirements

Next stage of **growth emerging** as **movement between dealer groups** commences

Membership – Knowledge Shop



**Continuing
growth**

215 new firms became
Knowledge Shop
network members



**34% joining
in Q4**



**Net growth
+143**



Training



Strong Growth In Training

48,166 hours delivered, an increase of 10,534 hours



New Investment

Investment in new program development e.g estate planning



Wealth Training

Entering the wealth space through FASEA pre exam preparation course



Resources

Increased technical and sales resources to capture opportunity

Documents



Underperformed in 2019 – gross contribution down 15%



Impacted by general market contraction in 2019 circa 11%



Reset of cost structure completed in Q4, with increase in targeted marketing



Market contraction not expected to be continuing however a non cash impairment charge (\$0.80m) against the businesses considered appropriate

Extension products

Two large channels

1. Accounting
3,400 firms
2. Wealth 770 +
advisers



Strategy

Seek out products or services that add value to our accountants & advisers



Core products

own or hold an interest

Supplementary products through distribution agreements



Outcome for our advisers

Improve revenue, competitive position or efficiency



Outcome for Easton

Increases value proposition and further monetises value of channels



Extension product examples

1. EWA Finance – a majority owned (70%) Easton company

Established in January 2019 to allow advisers and accountants to refer clients in need of mortgage or commercial finance

- Partner with Purple Circle – an experienced scale finance broker
- Technology to manage wide area network
- Access to over 50 lenders
- Pilot project undertaken in 2nd half
- Cost of establishment and operation (\$0.20 mill) fully expensed

2. Development of an estate planning capability

- Training developed and delivered to advisers to provide an EP management process
- Client engagement tools developed
- Technology to be used to create client visibility

3. Product preference for SAAS (software as a service) applications where possible



Outlook

An aerial night photograph of a city, likely Dubai, featuring a complex multi-level highway interchange with glowing orange light trails from traffic. Several skyscrapers are visible, including two prominent cylindrical towers on the left and a tall, slender tower on the right with a distinctive illuminated top. The background shows a dense urban landscape with numerous lights.

FY20: Foundation pieces to deliver continuing growth

Organic growth
across a number
of our business
units



Training continues to grow

- Wider product range
- Increasing online take up
- Market extended into the wealth sector
- FASEA CPD requirements increases training demand



CARE to be taken
into additional
channels



AR and LARs growth
as market reacts to
our service offer



FY20 emerging opportunities



Extension products to grow earnings



Ability to add value to our distribution channel



A number of SAAS opportunities under evaluation



A more aggressive approach to strategic acquisitions

Corporate Information

INVESTMENT (Year to 30 June 2019)

- Underlying Profit \$5.12m
- Underlying Profit per Share 14.7 cents
- EV / Underlying Profit (12 month trailing) 7.4 times
- Dividend Rate (final 2019) 2.0 cps
- Interim dividend 1.0 cps
- Dividend Yield 3.2% fully franked
- Shareholders Funds \$32.30m
- Return on Equity (12 month trailing)¹ 15.8%
- Net Debt \$5.37m

¹ Return on Equity is Underlying Profit divided by Shareholders Funds

MARKET (as at 30 June 2019)

Shares on Issue	34.85m
Share price	\$0.94
Market capitalization	\$32.54m
Substantial shareholders:	
Greg Hayes & related entities	17.1%
Kevin White & related entities	8.8%
Pie Funds Management	7.6%

About Easton Investments

Easton Investments is the only ASX listed company focused solely on providing integrated accounting and wealth management services to the Australian market.

The company has established deep industry relationships through its leading network of brands that provide resources and support to over 3,000 accounting practices and 100 financial planning businesses and their clients across the country.

Easton Investments' unique business offering places it at the forefront of a growing market in the convergence of accounting and wealth management services.



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